

SAMPLE LETTER TO CREDITORS

(Some ability to pay)

Use this sample letter to write your own letters

Start the letter by →
saying what you are writing
about

Dear (name of Creditor):

We are writing to tell you about our financial problems and to suggest a repayment plan

I have been looking for a job since I was laid off three months ago. I have not found one. Although we have trimmed our household budget everywhere we can, we still cannot make our credit payments in full.

My wife has been staying at home with our children (aged 3, 6, and 10), but now she is working part-time outside the home. For now, our take home income (unemployment insurance, part time earnings and family allowance) is \$ _____ per month.

← Tell them about your income and how many people it supports

Your expense list →
shows how much money is
left to pay debts after
meeting basic living costs

Our minimum monthly living expenses are \$ _____. A list is attached. As you can see, we have only \$ _____ per month left to make credit payments.

Here is a list of all our creditors, the monthly amounts we owe, and the monthly amounts we feel we can pay each one:

← Tell them if you owe anyone else money. If there are too many debts to list in the letter, include a separate list

Creditor & Acc. #	Total Owing	Current payments	Proposed payment
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____

You can expect a cheque for our first payment on _____ Each month we will make the same payment. As soon as our situation improves, we will try to catch upon the arrears and resume our normal payments.

→ The collector's job is to pursue people for debts that are not paid. If you keep the collector updated, it means less work for the collector - and fewer phone calls to you about the debt.

Thank you for considering this proposal. Please let me know soon if this is acceptable for the short term. If it is, please sign this letter and send me a copy. I am eager to resolve this problem

Sincerely,

Your Name

Yes, we accept the payments offered

Authorized Signature _____

For _____
(Company Name)

To protect your legal → rights, it is very important to get written confirmation of any arrangement you make with a creditor

SOME TIPS ON WRITING YOUR LETTER:

Creditors do not have to accept your proposal. However, there are certain things you can do to get their cooperation.

1. **Be Polite.** Ask for your creditor's help, rather than telling them what to do.
2. **Be Realistic.** Make sure your monthly payment to creditors is something you can afford. Missing payments can jeopardize your proposal.
3. **List all debts.** Incomplete or inaccurate information will reduce creditor cooperation.
4. **Explain your problem clearly.** If the reason for your financial troubles is because of illness, unemployment, or other misfortune, mention this in your letter.
5. **Pro-rate the payment amount.** If one creditor has 25% of the total debt owed, that creditor should get 25% of the total payment you have available to all creditors. This ensures that all creditors are treated fairly.
6. **Be Reasonable.** Creditors will want to be paid back in a reasonable amount of time.
7. **Keep in touch.** Let the creditors know if anything changes in your life that would affect your ability to maintain your payments. If something goes wrong, let the creditors know right away. If something odd happens, let the creditors know you'll be able to pay off your debts sooner.

Disclaimer:

1. This letter has been provided to us courtesy of Credit Counselling Services of Alberta, www.creditcounselling.com
2. Neither Alger & Associates Inc., nor Credit Counselling Services of Alberta accepts any responsibility for the use of this letter